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**NO FOREIGN DISSEM**

22 June 1963

Exports to Cuba1. Controls on Exports to Cuba

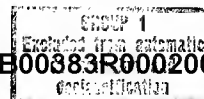
Since October 1960 the US has required validated licenses for all shipments to Cuba, except for certain foods, medicines, and medical supplies. At that time, exporters were advised that unless unusual circumstances involving exceptional and unreasonable hardship for the US exporter prevailed, export licenses would not be granted. Export controls on shipments to Cuba were accepted in principle by many other Free World countries, including NATO and COCOM countries, who agreed to embargo shipments of strategic goods and to inform the US of credit extended by their financial institutions to Cuba. In October 1962 the US extended the Battle Act to Cuba, and the controls were both broadened and strengthened when the White House announced that any ship calling at a Cuban port on or after 1 January 1963 would be ineligible to ship US Government-sponsored cargo from US ports.

2. Effectiveness of Controls

In the aggregate, controls on the export of US goods to Cuba have been enormously effective. In 1962 the value of US exports to Cuba was only 2 percent of that recorded in 1958. In conformity with export regulations, exports were restricted to a limited range of foods and medical supplies. Exports from other Free World countries have also declined significantly since the US instituted its export controls on shipments to Cuba. Total Free World exports in 1962 were only 15 percent of what they were in 1959.

3. Methods and Means of Obtaining Goods

In spite of the overall effectiveness of Free World controls on exports to Cuba, supplies of certain needed goods were obtained by Cuba from Free World countries during this period. Some of these may well have been of US origin, but the quantity involved was small in relation to Cuban requirements and their cost high because of the subterfuge required to secure them. For many years the US has been selling and servicing industrial and automotive equipment throughout the world, and caches of spares and repair parts exist in many countries. Inasmuch as such material is not embargoed internationally, Cuban purchasing agents can seldom be prevented from buying limited quantities of "non-strategic" goods. Since such purchases would generally not violate any laws or regulations, suspicions would not be aroused.

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Diversion of goods of US origin to Cuba also has occurred but the instances are believed to have been few in number and minor in terms of the total value of trade or their value to the Cuban economy. This belief stems from the small amount of specific information on diversions that a widespread, alert, and competent intelligence collection network has acquired. In 1961 a diversion through Mexico led to a denial order from the Department of Commerce, which appears to have stopped completely the use of this route. In 1962, a diversion through Belgium resulted in a denial order against the Belgian firm, but by reorganizing the operation through several intermediaries, the firm has persisted in its attempts to divert US goods to Cuba. Recently, there have been reports of arrangements made by a Cuban export-import office in Montreal to ship US goods to Cuba or Cuban goods to the US through Canada. Financial arrangements are said to be handled either by a Canadian bank or by a branch of a Soviet Bank, and the goods may be carried in a cargo plane that flies weekly between Cuba and Montreal.

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<b>TRANSMITTAL SLIP</b>		DATE 24 June 1963
TO: Legislative Counsel (Attn: [REDACTED])		
ROOM NO. 7D01	BUILDING Hq.	BX-5
REMARKS:  JSW -60		
FROM: OAD/RR		
ROOM NO. 4-F-18	BUILDING Hq.	EXTENSION 7581

25X1A

FORM NO. 241  
1 FEB 55

REPLACES FORM 36-8  
WHICH MAY BE USED.

GPO : 1957-O-439445

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